

STATE OF MICHIGAN



JAMES J. BLANCHARD, Governor

**DEPARTMENT OF TREASURY**

ROBERT A. BOWMAN, State Treasurer

**STATE TAX COMMISSION**

4th Floor Treasury Building  
Lansing, Michigan 48922 Telephone 517 373-0500

**COMMISSION MEMBERS**

THEODORE P. MANSOUR  
LEROY J. NELSON  
ROBERT O. VANDERMARK

TO: Assessing Officers

FROM: State Tax Commission

RE: Industrial Facilities Tax Exemption Certificate Applications

Act No. 119 of the Public Acts of 1989 amended Section 9 of the Plant Rehabilitation and Industrial Development Act, 1974 P.A. 198, being Section 207.559 of the Michigan Compiled Laws.

Act No. 119 provides for a special reapplication opportunity for an owner who filed an application in August, 1987 and was denied by the State Tax Commission if the industrial development district had been created in 1986 (see Section 9(2)(c)). Otherwise for applications made after December 31, 1983, the facility shall be located in a district that was established upon a request filed or by the local governmental unit's own initiative taken before the commencement of the restoration, replacement, or construction of the facility (see Section 9(2)(b)), and the application shall be filed within 6 months of the commencement (see Section 9(2)(c)).

Act No. 119 also requires that a local unit of government shall notify each prospective applicant in writing of the name, address, and telephone number of the person on the commission staff responsible for providing procedural information concerning 1974 P.A. 198 (see Section 9(5)). That person is

Mr. Sivaswami "Nat" Amarnath  
State of Michigan  
Department of Treasury  
Fourth Floor Treasury Building  
Lansing, Michigan 48922  
Telephone (517) 373-0500

It is important that applications for Industrial Facilities Exemption Certificates be filed on correct forms, as the law has been amended after the original Act No. 198 of the Public Acts of 1974. A copy of Form L-4380 (revised June, 1986) with instructions has been attached.

NOTE: IF A DISTRICT WAS NOT ESTABLISHED PRIOR TO THE COMMENCEMENT OF CONSTRUCTION, THE LOCAL GOVERNMENTAL UNIT SHALL INCLUDE A CERTIFIED COPY OF THE FILING OF THE REQUEST TO ESTABLISH THE DISTRICT IN ADDITION TO THE RESOLUTION CITED IN INSTRUCTION 9 ON PAGE 4 OF THE APPLICATION FORM L-4380.

Act No. 119  
Public Acts of 1989  
Approved by the Governor  
June 28, 1989  
Filed with the Secretary of State  
June 28, 1989

**STATE OF MICHIGAN  
85TH LEGISLATURE  
REGULAR SESSION OF 1989**

Introduced by Senators Shinkle and Carl

**ENROLLED SENATE BILL No. 120**

AN ACT to amend section 9 of Act No. 198 of the Public Acts of 1974, entitled "An act to provide for the establishment of plant rehabilitation districts and industrial development districts in local governmental units; to provide for the exemption from certain taxes; to levy and collect a specific tax upon the owners of certain facilities; to provide for the disposition of the tax; to provide for the obtaining and transferring of an exemption certificate and to prescribe the contents of those certificates; to prescribe the powers and duties of the state tax commission and certain officers of local governmental units; and to provide penalties," as amended by Act No. 33 of the Public Acts of 1985, being section 207.559 of the Michigan Compiled Laws.

*The People of the State of Michigan enact:*

Section 1. Section 9 of Act No. 198 of the Public Acts of 1974, as amended by Act No. 33 of the Public Acts of 1985, being section 207.559 of the Michigan Compiled Laws, is amended to read as follows:

Sec. 9. (1) The legislative body of the local governmental unit, in its resolution approving an application, shall set forth a finding and determination that the granting of the industrial facilities exemption certificate, considered together with the aggregate amount of industrial facilities exemption certificates previously granted and currently in force, shall not have the effect of substantially impeding the operation of the local governmental unit or impairing the financial soundness of a taxing unit that levies an ad valorem property tax in the local governmental unit in which the facility is located or to be located. If the state equalized valuation of property proposed to be exempt pursuant to an application under consideration, considered together with the aggregate state equalized valuation of property exempt under certificates previously granted and currently in force, exceeds 5% of the state equalized valuation of the local governmental unit, the commission, with the approval of the state treasurer, shall make a separate finding and shall include a statement in the order approving the industrial facilities exemption certificate that exceeding that amount shall not have the effect of substantially impeding the operation of the local governmental unit or impairing the financial soundness of any affected taxing unit.

(2) Except for applications for a speculative building which shall be governed by subsection (4), the legislative body of the local governmental unit shall not approve an application and the commission shall not grant an industrial facilities exemption certificate unless the applicant complies with all of the following requirements:

(a) The commencement of the restoration, replacement, or construction of the facility occurred not earlier than 12 months before the filing of the application for the industrial facilities exemption certificate. If the application is not filed within the 12-month period, the application may be filed within the succeeding 12-month period and the industrial facilities exemption certificate shall in this case expire 1 year earlier than it would have expired if the application had been timely filed. This subdivision shall not apply for applications filed with the local governmental unit after December 31, 1983.

(b) For applications made after December 31, 1983, the proposed facility shall be located within a plant rehabilitation district or industrial development district that was duly established in a local governmental unit eligible under this act to establish a district and that was established upon a request filed or by the local governmental unit's own initiative taken before the commencement of the restoration, replacement, or construction of the facility.

(c) For applications made after December 31, 1983, the commencement of the restoration, replacement, or construction of the facility occurred not earlier than 6 months before the filing of the application for the industrial facilities exemption certificate. However, an owner who filed an application for an industrial facilities exemption certificate with the local governmental unit in August 1987 for a facility located in an industrial development district created in 1986 and was denied by the state tax commission may reapply for an industrial facilities exemption certificate and if approved, the facility is not subject to the requirement of this subdivision.

(d) The application relates to a construction, restoration, or replacement program that when completed constitutes a new or replacement facility within the meaning of this act and that shall be situated within a plant rehabilitation district or industrial development district duly established in a local governmental unit eligible under this act to establish the district.

(e) Completion of the facility is calculated to, and will at the time of issuance of the certificate have the reasonable likelihood to create employment, retain employment, prevent a loss of employment, or produce energy in the community in which the facility is situated.

(f) Completion of the facility shall not have the effect of transferring employment from 1 or more local governmental units of the state to the local governmental unit in which the facility is to be located, except that this restriction shall not prevent the granting of a certificate if the legislative body of each local governmental unit from which employment is to be transferred consents by resolution to the granting of the certificate. If the local governmental unit does not give its consent, a copy of the resolution of denial showing reasons for the denial shall be filed within 20 days after adoption with the department of commerce.

(g) Completion of the facility does not constitute merely the addition of machinery and equipment for the purpose of increasing productive capacity but rather is primarily for the purpose and will primarily have the effect of restoration, replacement, or updating the technology of obsolete industrial property. An increase in productive capacity, even though significant, shall not constitute an impediment to the issuance of an industrial facilities exemption certificate if other criteria in this section and act are met. This subdivision does not apply to a new facility.

(3) If the replacement facility when completed will not be located on the same premises or contiguous premises as the obsolete industrial property, then the applicant shall make provision for the obsolete industrial property by way of demolition, sale, or transfer to another person with the effect that the obsolete industrial property shall within a reasonable time again be subject to assessment and taxation under Act No. 206 of the Public Acts of 1893, as amended, being sections 211.1 to 211.157 of the Michigan Compiled Laws, or be used in a manner consistent with the general purposes of this act, subject to approval of the commission.

(4) The legislative body of the local governmental unit shall not approve an application and the commission shall not grant an industrial facilities exemption certificate that applies to a speculative building unless the speculative building is or is to be located in a plant rehabilitation district or industrial development district duly established by a local governmental unit eligible under this act to establish a district; the speculative building was constructed less than 9 years before the filing of the application for the industrial facilities exemption certificate; the speculative building has not been occupied since completion of construction; and the speculative building otherwise qualifies under subsection (2)(e) and (f) for an industrial facilities exemption certificate. An industrial facilities exemption certificate granted under this subsection shall expire as provided in section 16(3).

(5) Not later than September 1, 1989, the commission shall provide to all local assessing units the name, address, and telephone number of the person on the commission staff responsible for providing procedural information concerning this act. After October 1, 1989, a local unit of government shall notify each prospective applicant of this information in writing.

Section 2. This amendatory act shall take effect beginning with taxes levied under this act in 1989.

## APPLICATION FOR INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE

This form is issued as provided by Act 198, P.A. 1974, as amended. Section references on this form are to specific sections of the act that explain or require the data. Filing of this form is voluntary. The application should be filed after the district is established and no later than (within) six months after the commencement of the project.

**INSTRUCTIONS:** Read the instructions on page 4 before completing this application. File the original and three copies of this form and the required attachments (four complete sets) with the clerk of the local government unit.

Typist Set tabs at dots

<b>TO BE COMPLETED BY CLERK OF LOCAL GOVERNMENT UNIT</b> Clerk must also complete sections 17, 18 and 19, page 3.		<b>THIS SECTION FOR USE BY THE OFFICE OF THE STATE TAX COMMISSION</b>	
Signature		Application No.	
Date Received		Date Received	

Applicant, do not write above this line. Begin entries at 1 below.

1a Applicant (Company) Name (Applicant must be the occupant/operator of the facility.)			
b Location of Facility (No. and Street)		<input type="checkbox"/> City	<input type="checkbox"/> Township <input type="checkbox"/> Village (County)
c Company Mailing Address (No. and Street, P.O. Box, City, State, ZIP)		d. School District Wherein Facility is Located	
2 Type of Approval Requested		3. How Many Years of Exemption Requested?	
<input type="checkbox"/> NEW FACILITY (Sec. 2(4)) <input type="checkbox"/> REHABILITATION (Sec. 3(1))		4. Standard Industrial Classification Code (Sec. 2(10))	
<input type="checkbox"/> SPECULATIVE BUILDING (Sec. 3(8)) <input type="checkbox"/> RESEARCH and DEVELOPMENT (Sec. 2(9))			
5 Explain Applicant's Principal Type of Business and Proposed Use of the Facility			

6a General Description and Use of Existing facility (Number of Buildings, Type, Size, Use, Products Manufactured, Type of Research or Development)

b Rehabilitation Applications Only: Explain Degree and Type of Obsolescence Affecting Existing Facility

c Describe Project for Which Exemption is Sought (Type of Improvements to Land, Building; Size of Building Addition; Personal Property Acquired — Explain New-Used, Transferred from Out-of-State, Etc.)

d Cost of land improvements EXCLUDING cost of land (Sec. 2(6)a)	\$	
Cost of building improvements. (List major types on attachment.)		
Cost of machinery and equipment. (Itemize on attachment; see instruction on page 4, item 2)		
Cost of furniture and fixtures. (Itemize on attachment; see instructions on page 4, item 2)		
TOTAL PROJECT COST	<input type="checkbox"/> ACTUAL <input type="checkbox"/> ESTIMATED	\$

Continue on Reverse Side

- 7 List Time Schedule for Start and Finish of Construction Stages and Equipment Installation. (See Instructions, page 4, items 2 and 4.)  
**NOTICE AFTER DEC. 31, 1983:** Section 9 (2) (c) specifies that restoration, replacement or construction commence not earlier than 6 months before this application is filed.

8a Are the Buildings Owned or Leased by the Operator of the Facility?

☐ OWNED ☐ LEASED

b Is Applicant Liable for Payment of Ad Valorem Taxes on This Property? (Attach Copy of Lease When Applicable.)

☐ YES ☐ NO

c Are Machinery and Equipment, Furniture and Fixtures Owned or Leased by the Operator of This Facility?

☐ OWNED ☐ LEASED (attach a copy of the Lease)

9 Will the Property for Which this Application is Filed be Included in a

- a. Downtown Development Authority District as Provided by Act 197, P.A. 1975, as Amended? ☐ YES ☐ NO  
 b. Tax Increment Finance Authority District as Provided by Act 450, P.A. 1980, as Amended? ☐ YES ☐ NO

10a. Enter total number of employees prior to start of project. ....

b. How many new jobs are expected to be created within 2 years of project completion? .....

c. How many existing jobs (not counting new jobs created) will be retained as a result of this project? .....

- 11a Has the project caused or will it cause, a relocation of the facilities from one or more Michigan governmental units to the unit in which the project is or will be located? ☐ YES ☐ NO

b Previous Location of Facility

c. Number of Jobs Involved in Facility Relocation

d. Attach a certified copy of the resolution passed by the governmental unit from which employment is to be transferred consenting to the granting of the certificate. Date resolution was adopted .....

12 Rehabilitation applications: Complete a, b and c.  
 Attach assessor's statement.

a. SEV of Real Property (Exclude Land)

b SEV of Personal Property (Exclude Inventory)

c. Total SEV

as of Dec. 31, 19\_\_

13a The Facility is Located in the Following Type of District Established by the Local Governing Unit

☐ INDUSTRIAL DEVELOPMENT DISTRICT

☐ PLANT REHABILITATION DISTRICT

b Name of Governing Unit that Established District

Attach certified copy of resolution  
 and drawing of district.

c Date District was Established

**NOTICE AFTER DEC. 31, 1983:** Section 9(2)(b) provides that request to establish the district  
**MUST** be filed prior to the commencement of any improvements or construction.

14a Is This Application for a Speculative Building (Sec. 3(8))?

☐ NO — Go to 15 below. ☐ YES — Complete b, c and d

b Name of Governmental Unit Which Passed Resolution to Establish a Speculative Building.

c. Date of Resolution (Attach copy)

d Date Construction Commenced (See pg. 4, item 4)

Attach a certified statement from the building owner and local governing unit  
 that the building has not been occupied since completion of construction.

15 Complete this section if application is for a replacement facility which will not be located on the same site or contiguous to the obsolete facility. The obsolete facility will be disposed of as follows.

Name of Person to Contact for Further Information

Phone

Mailing Address

**APPLICANT'S CERTIFICATION**

The undersigned, authorized officer of the company making this application certifies that, to his/her best knowledge, no information contained herein or in the attachments hereto is false in any way and that all are truly descriptive of the industrial property for which this application is being submitted.

It is further certified that the undersigned is familiar with the provisions of Act No. 198, 1974, as amended, being Sections 207.551 to 207.571, inclusive, of the Michigan Compiled Laws; and to the best of his/her knowledge and belief, (s)he has complied or will be able to comply with all of the requirements thereof which are prerequisite to the issuance of an Industrial Facilities Exemption Certificate by the State Tax Commission.

16a Type name of company officer	b. Signature
c Title	d. Date

**LOCAL GOVERNMENT ACTION**

*This section is to be completed by the clerk of the local governing unit before submitting application to the State Tax Commission.*

17 Action Taken

- ☐ ABATEMENT APPROVED FOR \_\_\_\_\_ YEARS AFTER PROJECT COMPLETION (Sec. 16)
- ☐ DISAPPROVED

18 Name of Local Government Body

Date of Action on This Application

Attached hereto is a copy of the resolution covering the action of the above-named local government body on this application. The resolution contains the finding required under Section 9(1) of Act 198, 1974, as amended (financial impact on taxing units).

Also attached are copies of the notices required under Section 4(3) (public hearing for district) and Section 5(2) (hearing for applicant, assessor and taxing units prior to approval of the application) of Act 198, P.A. 1974, as amended. When applicable, attached are resolutions approving the speculative building as required by Section 3(8) and certified statements that the building has not been occupied since completion of construction as required by Section 9(4) of Act 198, P.A. 1974, as amended.

19 Signature of Clerk	Date	Phone
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**MAILING INSTRUCTIONS**

**REMINDER:** A complete filing (including documents from Page 4, Instruction) of an Application for Industrial Facilities Exemption Certificate under Act 198, P.A. 1974, as amended, should include the original and 3 copies of the following:

1. Notice to the public prior to hearing to establish district
2. Resolution establishing district
3. Application plus attachments
4. Notice to taxing authorities prior to hearing to approve application
5. List of taxing authorities notified.
6. Resolution approving application.

Mail completed application and all attachments to:

Michigan Department of Treasury  
State Tax Commission  
Treasury Building  
Lansing, Michigan 48922

# APPLICATION FOR INDUSTRIAL FACILITIES EXEMPTION CERTIFICATE

(Act No. 198, P.A. 1974, as amended)

## Instructions

The original form L-4380 and all required attachments listed below, plus three copies of all (four complete sets), is to be filed with the clerk of the local government unit where the facility is or will be located.

Complete and accurate answers to all items on the application form will eliminate delay and assist in the expeditious processing of the application. Incomplete applications may be returned. Certain items are applicable to speculative buildings or rehabilitation applications only and should be marked "N.A." if your application is for a new facility. If the space provided is insufficient, answers should be continued or given on separate attachments.

The following information is required on separate documents attached to form L-4380:

- ☐ 1. Legal description of the real property on which the facility is or will be located. Also provide property identification number if available.
- ☐ 2. List of new machinery, equipment, furniture and fixtures which will be used in the facility. The list should include description, type, identification, date of acquisition by month/day/year, and cost. Pollution control facilities which you intend to apply for under Act 250, P.A. 1965, as amended (air), and Act 222, P.A. 1966 (water), are to be listed separately.
- ☐ 3a. List of existing machinery, equipment, furniture and fixtures which will be replaced or renovated.  
b. List of existing machinery, equipment, furniture and fixtures which will continue to be used in the facility.  
  
The list should include description, type, identification, year of acquisition and original cost. (Not applicable to a new facility or speculative building.)
- ☐ 4. Proof of date construction started (groundbreaking) such as building permit, certified statement or affidavit from contractor. Personal property only applications should have attached a certified statement or affidavit as proof of the date personal property installation commenced.
- ☐ 5. Signed copy of lease agreement, if applicable, verifying lessee has ad valorem real and personal tax liability.
- ☐ 6. Certified copy of the resolution adopted by the local governing unit from which employment will be transferred, if applicable. An Industrial Facilities Exemption Certificate can be issued only if the governing body of the unit from which employment is to be transferred consents by resolution to the granting of the certificate. If employment is to be transferred to the new or rehabilitated facility from more than one local government unit, each unit from which employment will be transferred must give its consent.
- ☐ 7. If the application is for a rehabilitation, a statement by the Assessor showing the State Equalized Valuation of the obsolete facility, separately stated for real property (EXCLUDING land) and personal property (EXCLUDING inventory) for the tax year immediately preceding the commencement of the rehabilitation.
- ☐ 8. A copy of the notice to the general public and the certified notice to the property owners, concerning the establishment of the district.
- ☐ 9. Certified copy of the resolution establishing the Industrial Development District or Plant Rehabilitation District.
- ☐ 10. Copy of the notice to the general public and the certified letters to the taxing authorities regarding the hearing to approve the application.
- ☐ 11. Certified copy of the resolution approving the application.
- ☐ 12. Drawing showing the perimeter of the Industrial Development District or the Plant Rehabilitation District and where, within the district, the facility will be located.
- ☐ 13. Resolution to establish speculative building and non-occupancy statements by the owner and governmental unit.

### Additional Instructions

Actual date of completion must be furnished to the State Tax Commission and the Assessor within 30 days after completion of the facility.

Final cost of the facility must be furnished by applicant to the State Tax Commission and the Assessor within 90 days after completion of the facility.